

Financial Reports Show That 10 Members Of Cabinet Are Worth \$1 Million or More

WASHINGTON, Jan. 25 (AP) — At least 10 of the 17 Cabinet-level officials in the Reagan Administration have a net worth of more than \$1 million, according to financial-disclosure reports examined yesterday.

Only four officials — Jeane J. Kirkpatrick, the chief United States delegate to the United Nations, Secretary of Education T. H. Bell, Secretary of the Interior James G. Watt and David A. Stockman, the director of the Office of Management and Budget — were found to have net worths of less than \$500,000.

The Cabinet members had listed their assets and liabilities with the Office of Government Ethics, as required by the 1978 Ethics in Government Act.

The financial forms only give a broad range of money values, so it was impossible to determine exactly the net worth of each official. Also, it was difficult to compare the sums for different officials because some listed the salaries they received in their previous jobs, while others did not. Also, some listed their assets and income of one or more other family members, while others gave only their own financial profile.

Brock Inherited Company

Bill Brock, the special trade representative, who is an heir to a Tennessee candy company, gave his 1980 assets, with members of his immediate family, as \$4.8 million to at least \$9.2 million. His income was \$253,000 to \$661,000, including his \$62,500 salary as chairman of the Republican National Committee and dividends from an investment portfolio. He did not list any liabilities.

The net worth of William J. Casey, the Director of Central Intelligence, was given as \$3.3 million to at least \$5.6 million. His 1980 income from the New York law firm of Rogers & Wells was \$100,000. Stocks held by he and his wife were valued at \$3 million to \$5.2 million or more. No liabilities were listed.

The disclosure forms indicated that Attorney General William French Smith, President Reagan's personal lawyer in Los Angeles, and his wife had a net worth of \$2.9 million to at least \$5.8 million. He made \$325,000 last year from his law firm and nearly \$115,000 more in various fees as part of a total income of \$635,000 to at least \$850,000. The couple's investment portfolio included securities valued from \$2.3 million to at least \$5.2 million. He listed liabilities of \$80,000 to \$200,000.

Defense Secretary Caspar W. Weinberger's net worth was \$2.2 million to \$3.5 million, or more. His income of \$1.1 million to more than \$1.2 million includes \$580,953 in salary from the Bechtel Group engineering and construction firm and other sources. His property assets were valued from \$1.4 million to \$2.6 million, while his liabilities were at least \$275,000.

Stock Dividends of Regan

Secretary of the Treasury Donald T. Regan listed the 1980 income for himself and his wife last as \$719,000 to \$775,000, including dividends of more than \$100,000 from common stock in Merrill Lynch & Company, whose brokerage firm he headed. The value of the couple's property assets was \$1.2 million to \$2.4 million, while their liabilities were \$615,000 to \$1.1 million.

Commerce Secretary Malcolm Baldrige, who headed Scovill Inc. in Connecticut, gave a net worth for himself and his wife of \$1.2 million to \$1.7 million. His

property assets were listed as \$1.4 million to more than \$2.2 million, his income from \$478,000 to \$492,000 and liabilities from \$715,000 to \$1 million.

Samuel R. Pierce Jr., Secretary of Housing and Urban Development, reported a net worth of \$1 million to \$2 million, based on an income of \$322,000 to \$381,000 and property assets of \$754,000 to \$1.8 million. He listed no liabilities. In addition to his earnings of \$280,000 as a senior partner in a New York law firm, he received stock dividends.

Agriculture Secretary John R. Block gave his property assets as \$3.3 million to \$4.1 million. Eleven of those properties, including his 3,000-acre hog, soybean and corn farm, were valued at more than \$250,000 each. His personal income was \$172,709 to \$291,396, which included his \$40,800 salary as Illinois state agriculture director. His liabilities with business associates were given as \$5.1 million to \$6.7 million or more.

Donovan Still Not Confirmed

Secretary of Labor-designate Raymond J. Donovan, who is still awaiting Senate confirmation, listed a family net worth of \$1.5 million to more than \$2.3 million. His property assets last year were \$1.9 million to at least \$3.1 million, while his salary as an executive of and consultant to a New Jersey construction company made up the bulk of his income of \$777,000 to \$946,000. His liabilities were given as \$1.2 million to at least \$1.8 million.

Alexander M. Haig Jr., who gave up the presidency of United Technologies Corporation to become Secretary of State, listed a net worth of \$1.7 million to \$2.1 million, primarily in salary and bonuses from his former employer. He gave his liabilities as \$50,000 to \$100,000.

Three other Cabinet members, Transportation Secretary Drew Lewis, Energy Secretary James B. Edwards and Richard S. Schweiker, the Secretary of Health and Human Services, can be considered millionaires if the upper estimates of their net worth are closer to their real financial standing.

As part of their disclosure statements, most of the Cabinet officials agreed to divest themselves of financial interests, resign from business and public organizations and disqualify themselves from acting in matters in which they have interests, to comply with conflict-of-interests laws.

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WASHINGTON STAR
 25 JANUARY 1981

The Capital Report

Five More Sub-Cabinet Jobs Filled 'Deluge' Promised In Next Few Days

By Jeremiah O'Leary
 Washington Star Staff Writer

President Reagan yesterday announced five more sub-cabinet nominations and aides said there will be a "deluge" of high-level appointments coming from the White House in the next few days to break a logjam in the personnel process.

Acting for the president, White House press secretary James S. Brady announced the following nominations, all of which will require Senate approval:

- Roscoe L. Egger Jr., a partner in the accounting firm of Price Waterhouse and Co., to be commissioner of internal revenue.

- Vice Admiral Bobby R. Inman, director of the National Security Agency, to become deputy director of central intelligence.

- Norman B. Ture, an economic consultant, to be undersecretary of the Treasury for tax policy.

- John M. Fowler, vice president and chief financial officer of the Reading Railroad, to be general counsel of the Department of Transportation.

- Robert W. Blanchette, a prominent Washington lawyer, to be administrator of the Federal Railroad Administration in the Department of Transportation.

The White House also announced appointment of John F.W. Rogers as special assistant for management and acting director of the Office of Administration under Reagan's chief of staff, James A. Baker III.

Egger has been with Price Waterhouse for 24 years, first as head of the firm's tax department and then as chief of its Office of Government Services.

A native of Jackson, Miss., he graduated from Indiana University and from George Washington University Law School in 1950. He recently served as one of seven private sector members appointed to the Commission on Administrative Review of the House of Representatives. He is a member of the American Institute of Certified Public Accountants, the U.S. Chamber of Commerce and the District of Columbia and American Bar Associations.

Inman is a resident of California, but since 1977 he has been in charge of the supersecret communications operation at Fort Meade, Md. Traditionally, when a civilian heads the CIA, the deputy directorship goes to a military officer.

Inman joined the Navy in 1952 through Officers Candidate School and is a graduate of the University of Texas and the National War College. From 1974 to 1976 he was director of the Naval Intelligence Department and was also in charge of intelligence for the commander in chief of the Pacific Fleet.

He is considered an ideal choice for the second position at CIA because he is current on the latest methods of intelligence-gathering through use of space satellites, communications intercepts and code-breaking while CIA Director William Casey has been away from active intelligence work since World War II.

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NEW YORK TIMES
25 JANUARY 1981

Reagan's Shift to Center Brings Attacks From Right

The following article is based on reporting by Bernard Weinraub and Judith Miller and was written by Miss Miller.

Special to The New York Times

WASHINGTON, Jan. 24 — In its first days in office, the Reagan Administration has found itself under attack from conservative legislators and activists who were among Ronald Reagan's earliest and most ardent supporters.

The attacks focus on two separate but overlapping themes: the naming of "moderate" and "nonideological" Republicans, and even Democrats, to Cabinet and other high-level jobs, and the fear that these nominations indicate President Reagan will not carry out his conservative campaign pledges.

"We've all been had," a conservative aide on Capitol Hill concluded in an interview yesterday. "We boys on the right have gotten snookered."

In the last week Senator Jesse Helms, Republican of North Carolina, and the Senate Steering Committee, a loosely knit group of 20 conservatives, attempted to block the nominations of Frank C. Carlucci, designated to be Deputy Secretary of Defense, and four sub-Cabinet officials in the State Department.

'Gerald Ford Republicans'

Beyond this, members of the party's right wing have expressed dismay at the appointments of Donald T. Regan as Secretary of the Treasury, Samuel R. Pierce Jr. as Secretary of Housing and Urban Development and T. H. Bell as Secretary of Education. They view these men as "Gerald Ford Republicans."

Mr. Carlucci, who held the No. 2 post in the Central Intelligence Agency under President Carter, is regarded as "a liberal, a friend of Walter Mondale's," according to John T. Dolan, chairman of the National Conservative Political Action Committee, which helped defeat several liberal senators in the 1980 election.

"I think Reagan has chosen to surround himself with people who simply do not share the same vision of America that he has," Mr. Dolan said. "It's mind-boggling that conservative, pro-Reagan activists are being bumped off job lists, while people who have no commitment to Ronald Reagan are being given jobs."

Other conservative Reagan loyalists are equally shaken. "Something has gone very wrong," said Richard A. Viguerie, a conservative publisher and direct mail expert.

Howard Phillips, national director of the Conservative Caucus, a lobbying group, said, "What I fear is that in the 1984 election judgment will be passed on true conservatism. It has not been tried."

Many Senate Republicans, whose support Mr. Reagan needs to fulfill his major campaign promises, are deeply angered that of conservatives who served on Mr. Reagan's national security and foreign policy transition teams have been virtually excluded from senior Government posts.

Secretary of Defense Caspar W. Weinberger, for example, dismissed the entire transition team on defense the day after his nomination, and no member of the transition team for the C.I.A. has been appointed to a senior post in that agency.

More broadly, Senator Helms and others are known to be concerned that William J. Casey, Director of Central Intelligence, has apparently rejected major reorganization proposals aimed at strengthening the nation's intelligence capabilities. These proposals were made in reports prepared by the transition team and by the Heritage Foundation, a conservative research group.

Rare Senate Tactic Invoked

Mr. Helms has put a "hold" on Mr. Carlucci's Pentagon nomination, a Senate tactic rarely invoked but traditionally respected, to block Senate action on his appointment, and has told Secretary of State Alexander M. Haig Jr. that he was prepared to place similar holds on prospective State Department nominees that the Steering Committee opposes.

They include Lawrence S. Eagleburger, a former aide to Henry A. Kissinger and now the United States Ambassador to Yugoslavia, who is expected to be nominated as Assistant Secretary of State for European affairs; Paul D. Wolfowitz, former Defense Department official in the Carter Administration who is Mr. Haig's choice for director of policy planning; John H. Holdridge, former United States Ambassador to Singapore, who served under Mr. Haig on the National Security Council staff, in line for Assistant Secretary for East Asian and Pacific affairs, and Chester A. Crocker, a Georgetown University professor who is expected to be named Assistant Secretary of State for African affairs.

Compounding conservative anger over specific appointments is the vague but powerful sense that Reagan loyalists, including regional and state directors in last year's campaign, have been bypassed for jobs in favor of traditional and nonideological bureaucrats.

Illinois Campaign Chairman Cited

"Some of these people have absolutely no interest in Ronald Reagan, do not care what he stands for and may have actually voted against him," said a key Senate Republican aide who asked not to be identified. "I think the personnel people and Ed Meese don't want to ruffle the waters and are

just more comfortable with establishment kind of folks."

Edwin Meese 3d, the White House chief of staff, E. Pendleton James, a longtime personnel and recruiting executive, and Peter McPherson, acting counsel to Mr. Reagan, are cited as among the key figures who have selected Administration personnel.

Mr. Viguerie cited the example of Dan Pott, chairman of Mr. Reagan's campaign in Illinois last year, who sought the post of Secretary of Education that was given, instead, to Mr. Bell.

Right-wingers are also angered at reports that Donald J. Devine, a conservative professor of political science at the University of Maryland, has not been named director of the Office of Personnel Management because he is "too conservative."

Some senior Republicans, including the Senate majority leader, Howard H. Baker Jr. of Tennessee, do not see these signs of discontent as a threat.

Asked if he believed that the Steering Committee might thwart the Republican Party's ability to carry out the President's program, Senator Baker replied, "I do not believe it constitutes a threat to Ronald Reagan's policies."

Temporary 'Hold' to Be Honored

Mr. Baker, pressed on whether he would honor Mr. Helms's request to put a "hold" on several nominations, replied that he would respect any Senator's request for such action for 24 hours. He indicated, however, that he would not honor such a request indefinitely and that action on nominations was essentially "a leadership decision."

Other Republicans on Capitol Hill and elsewhere say, however, that the Reagan Administration and the President's conservative constituents may be heading for a series of confrontations whose outcome could imperil the new Administration's promises of swift and dramatic action to solve the nation's problems.

Nevertheless, the conservatives seem unwilling to back down. They maintain that the hiring and promotion of nonloyalists, which has been called an effort to broaden Mr. Reagan's political base, will weaken his programs and serve to "betray" his strongest supporters.

"To say that Reagan has to employ country-club, silk-stocking George Bush Republicans is garbage," Mr. Dolan said. "That didn't win him the election. He won by broadening his base to the ethnics, the blue-collar vote, the born-again Southern Democrats."

"Reagan has a commitment to these people and he's got to live up to it," Mr. Dolan added. "He didn't win by being a centrist, he won because he's conservative."

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THE WASHINGTON STAR (GREEN LINE)
23 January 1981

The Plum Report — Phase II

The Washington Star today begins a compilation of appointments in the administration of President Ronald Reagan. Subsequent lists will be published as appointments are made. The Executive Schedule salaries listed as current would be increased 16.8 percent under recommendations sent to Congress by former President Carter.

CABINET-LEVEL OFFICIALS

The pay of these officials, who are on Level I of the Executive Schedule, currently is \$69,630:

Malcolm Baldrige, Secretary of Commerce.

Terrel H. Bell, Secretary of Education.

John R. Block, Secretary of Agriculture.

William J. Casey, Director of Central Intelligence.

James B. Edwards, Secretary of Energy.

Alexander M. Haig Jr., Secretary of State.

Jeane J. Kirkpatrick, Ambassador to the United Nations.

Andrew L. Lewis Jr., Secretary of Transportation.

Samuel R. Pierce Jr., Secretary of Housing and Urban Development.

Donald T. Regan, Secretary of the Treasury.

Richard S. Schweiker, Secretary of Health and Human Services.

William French Smith, Attorney General.

David A. Stockman, Director of the Office of Management and Budget.

James G. Watt, Secretary of the Interior.

Caspar W. Weinberger, Secretary of Defense.

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THE WASHINGTON STAR (GREEN LINE)
23 January 1981

Watt, Smith, Others Confirmed by Senate

Reagan's Cabinet Almost Complete

By Roberta Hornig
Washington Star Staff Writer

The Senate yesterday all but completed President Reagan's Cabinet by confirming eight of his nominees, including one of the most controversial — James G. Watt — as interior secretary.

Watt, who was bitterly opposed by environmental groups, was the target of more opposition than any other Reagan appointee. He was confirmed on an 83-12 vote.

Also confirmed were William French Smith as attorney general, by a 96-1 vote; John R. Block as agriculture secretary, 98-0; Malcolm Baldrige as commerce secretary, 97-1; Samuel R. Pierce Jr., as secretary of housing and urban development, 98-0; Andrew L. Lewis Jr. as transportation secretary, 98-0; James B. Edwards as energy secretary, 93-3; and Terrel H. Bell as education secretary, 90-2.

Reagan's choice as labor secretary, Raymond J. Donovan, has not been confirmed. Also still pending before the Senate are three additional Cabinet-level nominations that will be voted on tomorrow.

They are David A. Stockman, designated to head the Office of Management and Budget; William J. Casey, to be director of the CIA; and Jeane J. Kirkpatrick, to be U.S. ambassador to the United Nations.

The 12 senators opposing Watt's nomination yesterday were mostly liberals or moderates who questioned both his ability and desire to safeguard the nation's public lands.

All expressed concern about his previous job as head of the business-funded Mountain States Legal Foundation, which was often at odds with key environmental organizations.

"He is capable of doing irreparable damage to our sacred land," Sen. Dale Bumpers, D-Ark., argued, adding that Watt's "total identification has been with the coal, timber and oil business" and not the federal lands he is being assigned to protect.

Senate Minority Leader Alan Cranston of California said the secretary of the interior "is the chief conservation officer of the federal government. I can find nothing to prove that Mr. Watt will protect the land for future generations."

Among those in opposition were Democrats Edward M. Kennedy of Massachusetts, Joseph R. Biden Jr. of Delaware, Christopher Dodd of Massachusetts, Patrick J. Leahy of Vermont, Carl Levin of Michigan, Howard M. Metzenbaum of Ohio, Daniel Patrick Moynihan of New York, Donald W. Riegle Jr. of Michigan, Paul S. Sarbanes of Maryland and William Proxmire of Wisconsin.

The lone dissenter in the votes on Baldrige and Smith was Proxmire, who insisted on a floor debate and a recorded vote on each.

Smith is Reagan's friend and attorney.

Joining Proxmire in opposing Edwards were Dodd and Kennedy.

Sen. Dennis DeConcini, D-Ariz., joined Proxmire in opposing Bell.

The Senate on Wednesday confirmed Alexander M. Haig Jr. as secretary of state; Caspar Weinberger as secretary of defense; Donald T. Regan as secretary of the treasury; Richard S. Schweiker as secretary of health and human services; and William Brock as special trade representative.

Haig, in welcoming ceremonies at the State Department shortly after being sworn in, dismissed any question of rivalry between the Reagan White House and his office on the formulation and control of American policy — a rivalry that handicapped both the first Nixon administration and the Carter administration.

"I am extremely pleased that President Reagan has clearly enunciated his intentions to make the secretary of state the vicar of American foreign policy," Haig said.

"By that I mean the delegation of the general managership ... for the formulation, the conduct, and indeed the articulation of American foreign policy, to the Congress, the American people, and the world at large," he said.

"I want you to know," Haig told employees gathered to welcome him, "I intend to carry out that mandate."

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LOS ANGELES TIMES
22 JANUARY 1981CECIL SMITH

REALITY REVIVES THE GOGGLE BOX

Over the last week or so, we've had television acting as television should—as a lively window on the world rather than an eternal medicine show using its pitiful little B movies and unfunny two-reelers and sudy serials to lure the public to buy cure-alls and gadgets.

The drama of the freeing of the hostages timed to coincide with the inauguration of President Reagan was primarily responsible, of course—what fictional drama could compare with these global maneuvers? This even gave CBS a chance to extend Charles Kuralt's excellent news show "Morning" to two hours.

But other elements have perked up the goggle box as well, mostly concerning the change in administration. Even so prefabricated a news show as "60 Minutes" came suddenly to life last Sunday with the stormy reaction of new CIA Director William J. Casey to a chance remark by Morley Safer.

Safer, you may recall, was profiling that gleeful gadfly of the far right, William Buckley—and an excellent job of it, too, catching the Buckley wit and the Buckley

polysyllabic manner ("But that's the way I talk to my dog") as well as Buckley's philosophy which, reportedly, the new President is devoted to. Safer showed us Buckley with his editorial staff at the National Review chortling over the Reagan election and the prospects of a conservative White House.

But then Safer attended a 25th-anniversary party for Buckley's magazine, getting comments from various political celebrities in attendance. He spotted Casey sitting with Henry Kissinger and casually asked their opinion of Buckley—"the good Buckley and the bad Buckley." Casey was furious. "Whataya mean, the BAD Buckley?" he demanded. While Kissinger tried to answer, Casey's ire crashed over him, drowning him out—"What about the bad Dan Rather?" he demanded. "And that other fella, what's his name, the bad Mike Wallace, what about him?"

There were other happenings that made television feel like television used to feel when it was live and uninhibited. The Senate confirmation hearings of Alexander Haig were a reminder of the days of the Army-McCarthy hearings and the Kefauver hearings on racketeering. Not that we had the sort of fireworks they had provided, but there were times when the new Secretary of State grew quite huffy and there were times the senators put some meat into their speeches.

I remember John Glenn with lights glinting on his bald pate telling Gen. Haig that he too was proof "there is life after the military." And after listening to an impossibly complex and involved question from one senator, Haig noted he had brought his brother, a Jesuit, along "to cope with your Jesuit-trained mind, senator."

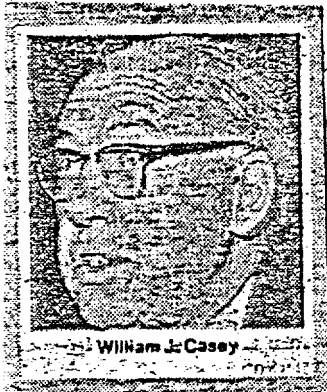
It was the PBS contention there was so little interest in the Haig hearings that they were canceled after a couple of days, but I find that sort of drama infinitely more intriguing than the synthetic stuff of TV's fiction.

On Tuesday night with the hostages arriving in West Germany and with various inauguration ceremonies and procedures still in progress, it was curious how the three big networks reacted—CBS stayed with hostages; NBC stayed in Washington recapping the inauguration; ABC put on "Hart to Hart." C'est la TV.

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THE WASHINGTON STAR (INAUGURATION EDITION)
20 January 1981

The Vice President, the Cabinet and Reagan's Staff



William J. Casey

The new director of central intelligence, William J. Casey, starts his new career with the advantage of having served Ronald Reagan already in a position of trust.

Casey's personal reputation as a voice Reagan listens to — solidified during his service as campaign manager — gives him the kind of presidential access that doesn't show up in organization charts.

Casey also brings intelligence experience to the job. But the 67-year-old corporate lawyer has the handicap of being more familiar with the way covert operations were run during World War II, when he was a star of the old Office of Strategic Services, than he is with the mind-boggling scientific tools of intelligence-gathering today.

Casey is taking over the CIA and related intelligence organizations at a time when Congress has considerable oversight powers, but apparently has lost its zeal for seeking out the skeletons of a generation in the agency's closet.

Casey is no stranger to Washington and the federal maze. A New York corporate lawyer, Casey is also a prolific writer, editor and entrepreneur.

He was undersecretary of state for economic affairs in 1973-74, chairman of the Securities and Exchange Commission from 1971 to 1973 and head of the Export-Import Bank from 1974 to 1976.

Casey replaced John Sears as Reagan's campaign manager on the eve of the New Hampshire primary, and shares the credit for the Republican candidate's election victory. But Casey, in his own only try for elective office in 1966, lost a nomination race for a Long Island congressional seat and never ran for office again.

The new CIA director was born at Elmhurst, Queens, and to this day speaks with the Archie Bunker accent of that area. He graduated from Fordham University and from St. John's University Law School.

When he joined on with Reagan's campaign for the 1980 race, Casey became the oldest member of the Reagan team, except for the former California governor himself.

Jeremiah O'Leary

Biden sidesteps on Casey

But he expects CIA chief will be confirmed anyway

By Pat Ordovensky

Washington Bureau

WASHINGTON — Sen. Joseph R. Biden Jr. has refused to vote for the confirmation of William J. Casey as CIA director because his confirmation hearing left "too many unanswered questions."

Casey's nomination was approved by the Senate Intelligence Committee, in a telephone poll of its members over the past few days, by a vote of 14-0, with only Biden voting "present."

"There was not enough time at the confirmation hearing to get Mr. Casey's replies to a number of key questions," Biden said yesterday.

"And I still have not received a reply to the written questions I submitted to Mr. Casey."

The Delaware Democrat denounced the "brief, unchallenging dialogue" at Casey's confirmation hearing as an indication that the committee "is automatically and uncritically accommodating to the intelligence community."

"The members of the committee know that this is not so," Biden said. "We should not allow the impression that it is."

Biden said the unanswered ques-

tions involve the strength of U.S. intelligence capabilities, congressional oversight of the intelligence community, charters governing intelligence agencies, the Freedom of Information Act as it applies to the CIA and "other issues affecting the civil liberties of Americans."

Delaware's Republican senator, William V. Roth Jr., a new member of the Intelligence Committee, cast the 14th vote for Casey. He phoned it in yesterday morning on his return from a nine-day trip to Japan.

Biden said he expects Casey to be confirmed by the full Senate this week, "but I cannot determine how I should vote until I know his position on the issues."

He says he's concerned that a "misperception" is growing "that the Senate's purposes in establishing the Intelligence Committee have somehow grown obsolete." And he said it's essential that a CIA director fully understand the role of the congressional oversight committees.

The Intelligence Committee was created, Biden recalls, after a special Senate committee found "all too many instances in which the basic rights of Americans had been summarily violated" by intelli-

gence agencies.

"And they were violated for no better reason," he said, "than that powerful federal agencies had been given free rein with no oversight and even less sense of perspective."

"Such abuse of power is more than merely history," Biden said. "It is an ever-present danger in every democratic society."

Biden has served on the Intelligence Committee since it was established in 1976. He has been the prime author of the so-called "gray-mail" legislation, designed to protect classified information during judicial proceedings.

Casey, 67, a New York attorney and director of Reagan's 1980 campaign, has been involved periodically in intelligence activities since the World War II days of the Office of Strategic Services, predecessor to the CIA.

He has had a history of difficulties with Senate confirmation hearings in the past. In 1971, he was confirmed to head the Securities Exchange Commission only after surviving charges that he had plagiarized portions of a tax manual. Controversy also erupted during his confirmation hearings to be undersecretary of state and director of the Export-Import Bank.

BOSTON HERALD AMERICAN
19 January 1981

How to strengthen our shield

The health of the nation, even its survival, depends on a strong and alert intelligence agency. If William J. Casey has his way, the strength and alertness of the Central Intelligence Agency will be his main concern when he becomes director under the Reagan Administration.

The CIA has come in for much criticism in recent months. Some of its critics have seemed to enjoy treating it as an enemy of the nation, a sort of necessary evil, rather than what it really is. It is a key shield and defender of the republic, without which we would be vulnerable to all man-

ner of international dangers.

In his confirmation hearings before the Senate Select Committee, Casey took note of the repeated criticisms of CIA activity:

"Too often the agency has been publicly discussed as an institution which must be tightly restrained, stringently monitored or totally reorganized."

Casey does not play any revolutionary restructuring: "This is not the time for another bureaucratic shake-up of the CIA."

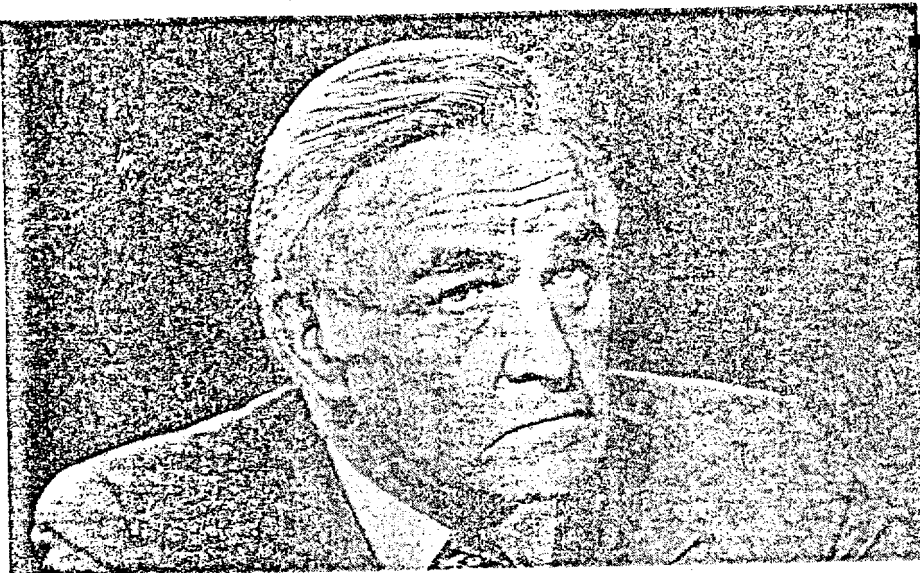
He believes no sweeping reorganization is necessary. What is necessary is his mind

is a reinvigoration, a revitalization of morale which is known to be low. He would like to reverse a trend toward "institutional self-doubt" caused by unwarranted criticism.

A time for some reorganizing may come in the future. President-elect Reagan has on his desk a number of proposals for changes. But right now, Casey told the Senate, what is needed is the re-creation of the CIA in its original image as a respected, and self-respecting intelligence agency capable of performing its intended missions throughout the world. The CIA's director-designate is off to a good start.

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TIME
19 January 1981



CIA Director Stansfield Turner: under him, the agency's morale plummeted

New Day for the CIA?

The demoralized agency is headed for a major overhaul

"It's a disaster out there." "The plant has depreciated enormously." "There are shortages just about every place you can think of." Comments like these from members of the intelligence community suggest that no other Government agency is in such urgent need of rehabilitation as the CIA. The agency has even fallen behind in its technology: top officials say that it does not have enough spy satellites. Its analysis has often proved faulty, most notably in Iran. Once grandiose covert operations are now run on a shoestring. Counterintelligence has been reduced to the point where many U.S. experts fear it is not adequate to cope with the CIA's principal adversary, the KGB, which is more active than ever.

Both the American public and Congress seem increasingly in the mood to back a substantial overhaul of the agency. There is a widespread perception that despite its lamentable excesses in the past, the CIA cannot be permitted to languish, that its mission is vital to U.S. security. Says Barry Goldwater, the new chairman of the Senate Intelligence Committee: "I think the CIA is going to find a very cordial reception here. It's difficult to discover any opposition to intelligence. We've learned a lot."

This attitude coincides with the new President's apparent determination to restore the muscle of the CIA and make it an important element of his Administration's global strategy. Reagan indicated his concern with the appointment of William Casey, his campaign manager and close adviser, as CIA director. Casey, a former chairman of the

sociated with intelligence activities, but veterans at the agency look forward to working for him because of his reputation as a forceful manager who is open to ideas and surrounds himself with top-flight aides.

Casey's first task will be to strengthen intelligence analysis, the agency's basic responsibility. At present there is no lack of qualified recruits. Applications for CIA jobs have reached record levels; in fiscal 1980, 9,200 men and women asked for posts, for which 1,458 were hired. In addition to new hands, Casey is expected to bring back some of the talented oldtimers who were ousted in successive housecleanings during the past few years. The current director, Admiral Stansfield Turner, downgraded the importance of human beings in intelligence gathering on the scene. Says a veteran intelligence officer: "His big mistake was becoming intoxicated with our technical proficiency. It is a great instrument, but only an instrument." The agency has been particularly short of analysts in the world's crisis areas: the Persian Gulf, Central America, Africa.

Another top priority for the new director is improving counterintelligence. Reagan's CIA transition team solicited advice on the subject from the agency's longtime counterintelligence master, James Angleton, who was fired in 1974 by Director William Colby. It is generally agreed that U.S. counterintelligence efforts have fallen off sharply in the six years that followed, enabling Soviet agents to operate more freely in the U.S.

the CIA needs a boost in morale. In an agency of special sensitivity, Turner treated CIA officials much like swabbies on a

damaged relations with foreign intelligence services. "How the hell can you make an attractive offer to a guy if you can't guarantee you can protect him?" asks John Maury, the CIA's former chief of Soviet operations. "The real problem is to get high-level penetrations of foreign power centers. Oleg Penkovsky (a top-ranking Moscow defector who supplied the U.S. with information on Soviet weaponry in the early 1960s) is worth a hundred Ph.D.s." But Penkovskys are not going to approach a porous CIA.

Without returning to the freebooting days of old, the CIA needs to recover its self-confidence and sense of purpose. The prospects for that look better than they have in some years. —By Edwin Warner. Reported by Don Sider/Washington



William Casey, Reagan's choice as director

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PROGRAM 60 Minutes STATION WDVM TV
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DATE January 18, 1981 7:00 PM CITY Washington, DC

SUBJECT Interview with William Casey

MORLEY SAFER: ...When [William F.] Buckley started the magazine [National Review], some of the first writers and editors had worked for the CIA, including Bill Buckley himself.

What did you do for the CIA?

WILLIAM F. BUCKLEY, JR.: I was a deep cover agent stationed in Mexico working for the only man in the CIA I ever met other than my instructors, who were anonymous. And he was Howard Hunt.

SAFER: And what did you do? Any skullduggery?

BUCKLEY: I'm not permitted to tell you. But I didn't kill anybody.

SAFER: Did you like it?

BUCKLEY: No. I didn't like it not because I didn't like the cause with which I was identified. It just happened that what it was that I was doing I found tedious.

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SAFER: ...This Renaissance man has thus collected an equally Renaissance group of friends, most of whom turned up to celebrate 25 years of National Review.

Buckley relishes criticism mostly because he so enjoys dishing it back. But at least one friend is very sensitive. We ran into Henry Kissinger, who was sitting beside William Casey, the new head of the CIA. Mr. Casey became somewhat upset by the

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For Spying, Old Hands Are Still Better Than the Latest Gadgets

By DREW MIDDLETON

A Navy ballistic missile submarine rocks in the currents, 200 feet deep and 800 miles from the big Soviet base at Murmansk. A Russian Backfire bomber, venturing into northern Canada, monitors the response of the North American Air Defense Command outside Colorado Springs. An Awacs aircraft flying up the Rhine registers the movement of a Soviet tank regiment near the Polish border.

These are among the frontiers of espionage, the area of maximum competition between the Central Intelligence Agency, the Defense Intelligence Agency and other American organizations and Russia's K.G.B., the principal security agency, and the Soviet military's G.R.U.

Last week, William J. Casey, President-elect Reagan's nominee for Director of Central Intelligence, told a Senate hearing he plans to reinvigorate his agency and reverse its "institutional self-doubt."

Technology has vastly lengthened the reach of intelligence. American agencies can identify with surprising accuracy the number and strength of Soviet divisions, the location and armament of Red Fleet warships, the types, disposition and flying hours per pilot of Russian aviation and the location and readiness of nuclear missiles. Airborne infrared lenses can even register the polish on a military boot, so American servicemen will be switching to nonshiny footwear in the mid-1980's. Soviet capabilities in these fields are known and impressive. Soviet intentions are unknown.

Add to the list of unknowns, the state of Russian and American progress in A.S.W., or antisubmarine warfare. The ability to locate enemy submarines armed with ballistic missiles could be decisive. Occasional reports of United States breakthroughs are invariably denied by the Navy. Clearly, however, the millions of dollars and rubles spent every year on A.S.W. — on destroyers, helicopters and anti-submarine fixed-wing aircraft — would be largely wasted in war unless harnessed to the means of picking up that submarine off Murmansk, or off the Virginia capes.

Computerized interpretation of radar data by reconnaissance aircraft such as the American Awacs or in command posts deep in the hills of East and West Germany is another intelligence frontier. In military shorthand, this is called C3 for communications, command and control. To jam or, at best, to intercept and decipher this information may be the greatest prize of electronic counterintelligence. What divisions, what air squadrons are being committed? When will reinforcements arrive and from where? C3 traffic can provide answers beyond value.

The prime target, however, is the men who, in peace, prepare the war machines and who, in war, would run them. The numbers are small, perhaps 20 in Moscow and 20 more in Washington. They are the custodians of intentions, the answers to such questions as:

"If we strike for Hamburg, will they turn the Sixth Fleet's bombers loose on the Odessa area...? If we reinforce northern Norway, will they push through the Skagerrack

ack into the North Sea and isolate our people in the north...? Suppose we send our 26 divisions into Iran, how far will they penetrate, if the bombers from the carriers are ordered to destroy the bridges and tunnels?"

Can the C.I.A. or the K.G.B. penetrate to the quiet map-lined rooms where such questions are answered? This is the province of the agent or double agent. The C.I.A.'s Russian, Oleg V. Penkovsky, provided some answers. Russia's Briton, Kim Philby, was close, but not quite close enough, to the decisionmaking in London and Washington. Last month, at a presumably lower level, Viktor Korolyuk, a Soviet K.G.B. officer at the arms control talks in Vienna, defected with a bundle of secret documents. And in Baltimore 10 days ago, a Federal district judge sentenced David H. Barnett, a former C.I.A. employee, to 18 years in prison. He had confessed to selling sensitive information to the Soviet Union.

In this field, the "dirty tricks" aspect of espionage does not enter. Dirty tricks are instruments of revolution and counterrevolution in smaller, vulnerable countries. They may expose a right-wing dictator's mansion on the Avenue Kléber in Paris or the service of a "popular democratic leader" in the pay of Moscow, but they do not approach the grand prize.

For three decades, the agent's work has been accompanied, and sometimes overtaken, by electronic means. An agent in Iran's oil refinery at Abadan might, in an afternoon, produce worthwhile evidence, but not in a class with the fine definition of a satellite's cameras that can distinguish between an Iraqi machine gun and an Iranian. Up to a point, the agent's role is being usurped by technology, notably satellites, radar, listening devices. Last year, when the British Special Air Service stormed the Iranian Embassy in London, it did not need an agent inside. Almost everything said in the embassy had been heard and recorded by devices blocks away. But it is not yet time to say farewell to George Smiley, or, on a more fantastic level, to James Bond. The premium on the human infiltrator grows higher every year, for the basic question remains: We know what they can do, but when and where will they do it?

As modern war comes down in the end to the grubby infantryman lugging his missile launcher, so modern espionage rests on the agent. His business, 90 percent of the time, is prosaic. He does not cavort with toothsome blondes or face a Politburo member over leveled pistols. What distinguishes him is that he lives two lives. He may be the embassy clerk or chauffeur, the wealthy international businessman, the farmer whose land touches the cleverly camouflaged mound that houses an army headquarters.

Sometimes he gets very close. Someone knew a great deal about the deliberations of the Leningrad city soviet in the 1950's. In the same decade, a man and a woman were arrested for giving away British A.S.W. secrets. The satellites will send in their pictures. Radio intercepts and radar will provide facsimiles of operations. But, ultimately, it is one outwardly unexceptional man or woman who comes closest to the other side's intentions. Intentions are what count.

Capital Briefs

★ Reagan supporters were angered when they learned that the Pen James personnel operation recently sent over to CIA director-designate, William Casey, 10 names for the No. 2 post. Left off the list: Reagan's biggest supporter in the intelligence community, Gen. Daniel Graham, the former head of the Defense Intelligence Agency. "Graham not only supported Reagan during the primary," said one insider, but "he is clearly one of the most qualified persons to hold the job."

LOWELL SUN (MA)
17 January 1981

Up the CIA

The importance President-elect Reagan gives to the country's ability to keep abreast of happenings throughout the world is clear in his raising the directorship of the Central Intelligence Agency to Cabinet level. William J. Casey will be the first man to hold that high position, and he will deal directly with the entire Cabinet and the President in matters of our knowing what the other nations are doing.

Mr. Casey spoke of the vital importance of his post. During confirmation hearings before a Senate committee he said that "in an era of increasing military vulnerability, effective intelligence is of far greater importance than it may have been some years ago when we had clear military superiority."

The new director will emphasize improving the CIA, especially in its ability to analyze information attained from both secret and open sources. And he hopes to restore the morale and outlook of the CIA agents to that of respectable people doing work for which their countrymen are grateful. This will be a departure from the low estate to which the CIA has fallen through the efforts to destroy it by former Senator Frank Church and others.

One of the things Mr. Casey hopes to accomplish is passage of a law that would punish anyone who disclosed the identities of U.S intelligence officers abroad. That surely is needed. There have been several instances of former CIA agents naming men still on duty in hazardous work, and some of the agents have been murdered, as a result of having been unmasked.

He also will support a law to relieve both the CIA and the FBI from some disclosure provisions of the Freedom of Information Act, which has hampered the functions of both agencies.

At the same time he has pledged himself to "take care and diligence" in protecting the legal rights of citizens and to work closely with Congress in keeping the CIA's operation within legal bounds.

This pledge to rejuvenate and recondition the CIA is welcome. The agency has been the victim of political opportunists and destructive controls imposed by liberal kooks too long. Nothing is more important than having a strong organization to ferret out the plans and activities of other nations, just as the other nations do to us.

Mr. Casey will try to build one.

Religious News

Big Role for Small Churches in New Cabinet

Star News Services

The religious affiliations of President-elect Ronald Reagan's Cabinet run the gamut from the biggest to tiny denominations.

None named to the Cabinet belongs to Reagan's own denomination, the Christian Church (Disciples of Christ). None is United Presbyterian, the church of his customary worship, and none is Baptist, the country's biggest Protestant body and the denomination to which President Carter belongs.

What's striking about the religious mix is the proportionately strong representation of small or relatively young, American-born churches apart from the older, main-line bodies.

Interior Secretary-designate James Watt, 42, is an active, deeply religious member of the Assemblies of God, a 1.3 million-member Pentecostal body founded in 1914, with headquarters in Springfield, Mo.

Education Secretary-designate Terrel H. "Ted" Bell, 59, is an active Mormon, officially the Church of Jesus Christ of Latter-day Saints. It was founded in New York State in 1830, and now has 3.5 million U.S. members and headquarters in Salt Lake City.

Jeanne Kirkpatrick, 54, a political science professor at Washington's Roman Catholic Georgetown University, named U.S. ambassador to the United Nations, describes herself as a nonspecific "Protestant."

Among the five Catholics in the prospective Cabinet is Secretary of State-designate Alexander Haig, 56, whose younger brother, Frank, is a Jesuit priest who teaches physics at Loyola College in Baltimore.

Other Catholics include Labor Secretary-designate Raymond J. Donovan, 50, a leader in church charitable work in his home state of New Jersey; William J. Casey, 67, named to head the CIA, and Richard Allen, 44, picked to head the National Security Council. Treasury Secretary-designate Donald Regan, 61, comes of Catholic background, but a spokesman says he presently is inactive.

Episcopallians, in addition to Vice President-elect Bush, are Defense

Secretary-designate Caspar Weinberger, 63, who has been the treasurer of the Episcopal Diocese of California; Attorney General-designate William French Smith, 63; Agriculture Secretary-designate John Block, 45, and William E. Brock, 50, expected to be named special trade representative.

Samuel R. Pierce, 48, designated secretary of housing and urban development; James B. Edwards, 53, chosen for energy secretary, and David Stockman, 34, named director of budget and management, are United Methodists.

Malcolm Baldrige, 48, commerce secretary-designate, is a member of the United Church of Christ, and Murray L. Weidenbaum, 53, of Washington University in St. Louis who is expected to be named chairman of the Council of Economic Advisers, is Jewish.

Other newly picked White House staffers include press officer James S. Brady, 40, an Episcopalian; deputy press officer Karma Small, a United Methodist.

Edwin Meese, one of Reagan's closest advisers and head of his transition team, is an active member of the Lutheran Church-Missouri Synod, serving as vice president of First Lutheran Church in El Cajon, Calif., before moving to Washington.

Two Cabinet appointees, Andrew "Drew" Lewis Jr., 49, transportation secretary-designate, and Richard S. Schweiker, 54, health and human services secretary-designate, are members of the Schwenckfelder Church.

There are fewer than 2,700 Schwenckfelders in just five congregations located in and near Philadelphia and Valley Forge. All members are descendants or followers of Caspar Schwenckfeld von Ossig, a 16th century Silesian nobleman and Protestant Reformation contemporary of Martin Luther and John Calvin.

"That's all there is in the world," says the Rev. Jack Rothenberger, pastor of the Central Schwenckfelder Church in Worcester, Pa., the largest members, including Schweiker and Lewis.

"Half of our members today come from other denominations," Rothenberger said. "We are a community church. It is not a weird sect. It is in the mainstream of the Protestant church. Our service is nonliturgical, like New England Congregational churches and some Baptist."

Rothenberger said Schweiker and Lewis "follow in the steps of Caspar Schwenckfeld von Ossig, who was an adviser to his duke in the courts of Silesia in the 16th century."

Rothenberger, quoting church documents, said: "Schwenckfeld sought no following, formulated no creed and did not attempt to organize a church based on his beliefs. He labored for a reformation of life, for liberty of religious belief, for a fellowship of all believers, for one united Christian church, the ecumenical church."

Schwenckfeld's followers were persecuted for centuries by Europe's orthodox churches. In 1734, 184 exiles from the Prussian state of Silesia — now part of Poland — immigrated to Pennsylvania.

Most of the early settlers were farmers. All dressed plainly and often were called German Quakers because they adopted the Meeting House style of prayer and originally took the name Society of Schwenckfelders after the Society of Friends. They built no churches until 1909, when they were formally chartered in Pennsylvania with fewer than 600 members.

"The primary interest was education, and they built schools before they built churches," Rothenberger said. "Their schools were open to the public, and they taught reading, writing and arithmetic, not religion. They weren't interested in making more Schwenckfelders but in helping people. Their schools were the forerunners of the public school system."

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ON PAGE A9

THE WASHINGTON STAR (GREEN LINE)
15 January 1981

MARY McGRORY

Mr. Casey's Testimony And the Rise of the CIA

If you were looking for signs of the times, the place to be was the confirmation hearing of William V. Casey, the Reagan campaign chairman chosen by the president-elect to be director of the CIA.

Casey could hardly be suspected of being squishy soft on intelligence — he goes back to the days of Wild Bill Donovan and the OSS and was the first one to use the term "rogue elephant," the term used by the former chairman of the Intelligence Committee, Frank Church of Idaho, who has been replaced by Barry Goldwater, who loves the CIA only a shade less than the Pentagon.

Casey, who came on during the campaign as a rather bumbling and benevolent, was obviously prepared for defensive action. But so solicitous were the members that he found himself suggesting that CIA detractors were not necessarily disloyal or irrational.

Senatorial Abjectness

The high point of abjectness came from a Democrat, Joseph Biden, who pleaded with the nominee to give the Intelligence Committee "a report card" on its secret-keeping capability.

Casey was plainly taken aback. He pushed up his sliding spectacles, harrumphed a bit, and began a bemused reply. "I thought I would let this committee investigate me before I investigated it," he said in his gravelly, Manhattan accent. The members had the grace to chuckle a bit.

But Biden pressed on.

"There is a raging debate," he explained earnestly, his face almost aquiver with apprehension from the man he was supposed to judge, "whether this committee should have access to certain information."

Casey, recovering from astonishment, gave avuncular reassurance.

"I don't know of any significant transgression on the part of this committee," he said. Biden's face was illuminated with relief.

Sen. Malcolm Wallop, R., Wyo., growled about Americans who "somehow or another" regard the CIA as "an anathema in a free society."

Casey, who had doubtless spent hours preparing rationalizations for "the company's" excesses in the bad old days of drug-experiments, poison-plots and assassination efforts, came to the rescue of critics. "I think there is a reason," he said, and must have been surprised to hear himself saying it. "There was a time when America had high respect for the value of intelligence... But it was modified by charges

that the CIA had become a rogue elephant and you had to focus on reining it in."

If he had not said it, you might almost have thought that the hulloaloo of 1975 — which even Gerald Ford was forced to heed — had been entirely the work of Kremlin agents.

"I think a good job has been done on that," Casey observed cautiously of the rehabilitation. It was a world-class understatement. The rogue elephant has become a splendid mastiff, guarding us against Soviet wolves.

Nobody came out and asked Casey point-blank if he thought the requirements for "timely reporting" to Congressional committees on covert activity were intolerable. If he had, there might have been a stampede to repeal them.

Casey, who, in his formal opening statement, had included a chaste reference to "a period of turmoil," kept his head. Invited to rail against post-revelation prohibitions, such as a ban on the hire of reporters and clergymen as part-time spooks, he only said he would "adhere to the procedures" while studying "how they work."

Helms and Allende

He was far more restrained than another Reagan nominee, Alexander Haig, who was also undergoing confirmation.

Sen. Jesse Helms, R., N.C., the right-wing zealot, who became Haig's principal sponsor on Capitol Hill, insisting at the height of the firestorm over the appointment that Reagan hang in, casually introduced a whole new version of the overthrow of Salvador Allende, the Marxist president of Chile — the blackest mark against the agency in the world view.

It was the women of Chile, he drawled, enraged over the introduction of Marxist agents and Marxism in the schools, "who demanded the overthrow of Allende."

Haig, who always knows which side his bread is buttered on, agreed.

When Sen. Paul Tsongas, D., Mass., asked Haig about his cavalier dismissal of CIA complicity, the general put him down.

In Brussels, where he was NATO commander, he had had a conversation with a Chilean woman. "It was moving," he told Tsongas witheringly.

The next day he boldly spoke of restrictions on covert activity as "self-defeating and unnecessary." Say hello to covert operation, say goodbye to human rights in foreign policy. The CIA won the election, too, apparently.

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NEWSDAY (N.Y.)
15 January 1981

The CIA Shouldn't Mix With Journalists

The Senate Intelligence Committee never laid a glove on William Casey, the designated director of the CIA, during his confirmation hearing this week.

If anything, chairman Barry Goldwater and his colleagues acted more like facilitators than scrutinizers. No one even asked Casey about his views on a charter for the CIA, but he gave every indication of wanting more freedom for the agency rather than new legislative restrictions.

Casey said he intended to comply with existing policies on the use of journalists and members of the clergy by the CIA, but he added, "I will study how it works, and if the rules can be liberalized or modified I will consult with the committee."

That's the wrong attitude, but it's not a new one. CIA Director Stansfield Turner told the American Society of Newspaper Editors last year that the agency would consider using journalists as agents when results cannot be obtained any other way.

And Sen. Daniel P. Moynihan got nowhere in the last Congress when he tried to bar the CIA from using journalists, clergy or academics as agents or having agents use those occupations as covers.

Casey seems to think this would constitute an unfair restraint on journalists.

"No American should be deprived of serving his country any way he can," he said.

But journalists best serve their country by reporting the news fairly, without conflicting interests. Most of them know that, and would emphatically reject any CIA assignment. But all of them—and the reports they produce—will be suspect in the eyes of the world until there's an absolute ban on using them as agents.

Instead of helping the Intelligence Committee whisk Casey through the confirmation process, Moynihan should be pushing the new director to accept a CIA charter with that kind of ban.

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WARREN H. PHILLIPS
CHAIRMAN OF THE BOARD

January 14, 1981

Director-designate and Mrs. William Casey
Office of the President-elect
Washington, D. C. 20270

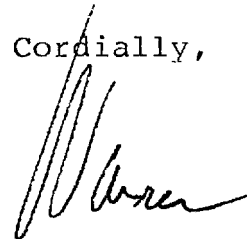
Dear Director-designate and Mrs. Casey:

The board of directors of Dow Jones & Company, publishers of The Wall Street Journal, will hold its February meeting in Washington, the first occasion on which the board has met in the capital, and we would be very pleased if you would join us and the editors of The Wall Street Journal for cocktails and a buffet on Wednesday evening, February 18.

We are anxious not only to show our board members our news bureau, printing plant and other facilities in and near Washington, but especially to introduce them to a small group of old friends and members of the government. Dow Jones' activities in addition to publishing the Journal, as you may already know, include publishing magazines, books business newswire services and 20 general-circulation newspapers in Connecticut, Kentucky, Massachusetts, Michigan, Minnesota, Missouri, New York, Oregon and Pennsylvania.

The cocktail-buffet will be at the F Street Club, 1925 F Street, NW, 6 to 8:30 p.m. I hope that you will be able to join us. I will look forward to hearing from you.

Cordially,



RSVP 212-285-5429

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LOS ANGELES TIMES
14 January 1981

Casey Sees Need to Revive Vigor, Morale of CIA

By ROBERT C. TOTH
and DAVID TREADWELL
Times Staff Writers

WASHINGTON—William J. Casey pledged Tuesday to strive to reinvigorate the Central Intelligence Agency, which he said is plagued by self-doubt and low morale after years of demands that it be "tightly restrained, stringently monitored or totally reorganized."

In confirmation hearings on his nomination to be CIA chief, the 67-year-old New York lawyer and friend of President-elect Ronald Reagan warned that "in an era of increasing military vulnerability, effective intelligence is of far greater importance than it may have been some years ago when we had clear military superiority."

Won't Deprive Poor, Needy

In another confirmation proceeding Tuesday, Samuel R. Pierce Jr., 58, the only black Cabinet nominee of the incoming Reagan Administration, vowed to cut costs at the Department of Housing and Urban Development without depriving the poor and needy of necessary programs.

Pierce, whose confirmation as HUD secretary is virtually assured, also said he disagreed with recent recommendations by a presidential commission urging the federal government to encourage persons to seek jobs in the Sun Belt states of the South and Southwest.

"We'd just end up with tremendous problems in the Sun Belt," such as higher crime and increased water shortages, he said.

If confirmed, Casey, who received no hostile questions during a 2½-hour appearance before the Senate Select Committee on Intelligence, is likely to be the last member of the Office of Strategic Services of World War II to head the CIA. The old OSS was the precursor agency of the CIA.

Casey, who will be the first CIA director to be a member of the President's Cabinet, also will be director of central intelligence. The director coordinates the work of all federal intelligence agencies, including the Defense Intelligence Agency and the National Security Agency.

'Our Full Trust'

Casey said the CIA needs to be improved, particularly in its analysis of information that comes from both secret and open sources, but while efforts to improve the agency go on, the intelligence community should know that it "has our full trust and confidence," he said.

"This is not the time for another bureaucratic shake-up of the CIA," he said in an allusion to the first-year efforts of its present director, Adm. Stansfield Turner, who wiped out 800 jobs in one action in 1977.

Casey referred only in passing to "alleged misdeeds of the past" by the CIA and said he hoped the period was over when "all the focus was on reining in and monitoring" agency operations. He called for restoring the perspective on the value of the CIA and its "desperately needed" contributions to national security.

Casey indicated support for two controversial bills now pending in Congress. One would punish persons who disclose the identities of U.S. intelligence officers abroad, and the other would relieve the CIA and the FBI, which has counterintelligence responsibilities, from some disclosure provisions of the Freedom of Information Act.

Two Controversial Incidents

He also promised to "take care and diligence" in protecting the legal rights of citizens and to work closely with Congress in monitoring the intelligence community and in ensuring that the community operates within legal limits.

Casey was reminded of two controversial incidents when he served as chairman of the Securities and Exchange Commission in the Nixon Administration.

One dealt with his abrupt transfer of records on ITT's activities to the Justice Department where they became unavailable to congressional investigators. The other involved his relations with financier Robert L. Vesco who is a fugitive from fraud charges.

'Above Reproach'

But Sen. Daniel Patrick Moynihan (D-N.Y.), vice chairman of the intelligence committee, dismissed the issues immediately after raising them. He introduced a

that described Casey's conduct in the two instances, Moynihan said, as "above reproach" and "exemplary."

Casey vows to reinvigorate CIA

Pierce: I'll cut HUD's costs, not aid to poor

From Wire Services

WASHINGTON — William J. Casey pledged yesterday to try to reinvigorate the CIA, which he said is plagued by self-doubt and low morale after years of demands that it be "tightly restrained, stringently monitored or totally reorganized."

In confirmation hearings on his nomination to be CIA director, the 67-year-old New York lawyer and friend of President-elect Ronald Reagan warned that "in an era of increasing military vulnerability, effective intelligence is of far greater importance than it may have been some years ago when we had clear military superiority."

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"We'd just end up with tremendous problems in the Sun Belt," such as higher crime and increased water shortages, he said.

Casey would be the first CIA director to be a member of the President's Cabinet, reflecting the increased politicization in recent years of the agency and of the job of director of central intelligence, which the CIA chief also holds. The director coordinates the work of all federal intelligence agencies, including the Defense Intelligence Agency and the National Security Agency as well as the CIA.

Casey said that the CIA needs to be improved, particularly in its analysis of information that comes from both secret and open sources. But while efforts to improve the agency go on, the intelligence community should know that it "has our full trust and confidence," he said.

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William J. Casey testifies at Senate Intelligence Committee hearing on his nomination as new director of the CIA. UPI PHOTO



Frank Carlucci, nominated to be Deputy Secretary of Defense, testifies before Senate Armed Services Committee. UPI PHOTO

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CONTINUED

But Sen. Daniel P. Moynihan (D-N.Y.), vice chairman of the intelligence committee, dismissed the issues immediately after raising them. He introduced a letter from the SEC's chief staff officer that described Casey's conduct in the two instances, as Moynihan said, above reproach and exemplary.

Frank C. Carlucci, nominated to be deputy Secretary of Defense, also testified before a Senate committee yesterday.

Carlucci said the United States should continue registering draft-age men, renew its commitment to protect US interests in the Persian Gulf and develop the capacity to fight a nuclear war.

In testimony before the Senate Armed Services Committee, he also said President-elect Reagan's administration should match Soviet efforts in chemical warfare and treat the question of arms sales to China on a case-by-case basis.

Sen. John Tower (R-Texas), chairman of the committee, said the panel would meet Monday to vote on Carlucci's nomination and that of Secretary of Defense-designate Caspar W. Weinberger. Tower predicted they would be approved.

That would pave the way for prompt Senate confirmation of both nominees after Reagan is inaugurated Jan. 20.

Carlucci, deputy director of central intelligence since 1978, was hand-picked for the No. 2 defense job by Weinberger, whom he served as undersecretary of health, education and welfare when Weinberger was secretary during the Nixon Administration.

On the issue of registration for a possible future draft, Carlucci echoed Weinberger's testimony last week that rolling the program back now would, "at the very least, create severe administrative problems."

Carlucci, 50, is the son of a Wilkes Barre, Pa., insurance broker and the grandson of an Italian immigrant stonemason.

Transportation Secretary-designate Drew Lewis, meanwhile, said yesterday that the Reagan administration would not "walk away" from the interstate highway system, but would scrap portions not "environmentally or economically feasible."

Lewis met with the Senate Environment and Public Works Committee to outline his views on federal aid for highways and the Federal Highway Administration, for which the committee has responsibility.

A separate panel, the Senate Commerce Committee, has jurisdiction over his confirmation to the new job. He testified there last week.

The 42,500-mile interstate system is 93.4 percent complete, but the Transportation Department has estimated the remaining 8234 miles, mostly around urban areas, could cost almost as much as the already completed roads.

"It is not the intention of the Reagan administration to walk away from the interstate highway system," Pierce said, "but to define it in terms of what would be a completed system, determine the cost of this and hopefully ... to move ahead and complete it as rapidly as possible."

About \$76.2 billion has been spent on the system since the program began in 1956.

On other matters, some of which were covered by the Commerce Committee last week, Lewis said:

- He questions the benefits of the Highway Beautification Program, under which federal funds help pay for removal of highway billboards, but is reserving final judgment.

- He favors returning to the states the option to set their own speed limits, although he favors the current 55 mph limit for his native Pennsylvania.

Casey Promises to Revive Morale, 'Minimize' Restrictions at the CIA

By George Lardner Jr.
Washington Post Staff Writer

Declaring that "this is not the time for another bureaucratic shakeup of the CIA," William J. Casey said yesterday he would work to revive the spy agency's morale and "minimize" the restrictions that have been placed upon it in recent years.

The director-designate for the Central Intelligence Agency said at his confirmation hearing that he is confident there are ways to ease the restrictions, most of them laid down by executive order, "without infringing in any way on the rights of American citizens."

With most members of the Senate Intelligence Committee warmly endorsing every point, Casey said he also intended to improve the intelligence community's assessments and present them forcefully to the president and the National Security Council — but without glossing over the differences of opinion that have customarily been played down.

"I assure you that I will present these views without subjective bias and in a manner which reflects strongly held differences within the intelligence community," Casey told the senators.

He recalled how early intelligence reports about Soviet missiles in Cuba in 1962, about Soviet divisions preparing to enter Czechoslovakia in 1968 and about Arab preparations to attack Israel in 1973 were all "obscured" by faulty judgments.

A veteran of U.S. intelligence in World War II, Casey said he would encourage competing assessments and reports that emphasize "hard reality, undistorted by preconceptions or wishful thinking.... Alternative possibilities and their implications must be fully set forth in our assessments so that they can be reflected in our preparation and in our policies."

As director of central intelligence (DCI), Casey will be in charge of coordinating the work of U.S. intelligence services, including the Defense Intelligence Agency, the National Security Agency and the State Department's bureau of intelligence and research.

The 67-year-old New York lawyer's hints of a new and more aggressive posture for the CIA were matched by calls from the Senate committee's new Republican majority for what Chairman Barry Goldwater (R-Ariz.) called "strong, stable and experienced leadership."

For his part, Goldwater also seemed to dismiss proposals for wide-ranging organizational changes in the CIA, although they have been advocated in some GOP circles. Not a few Republicans have advocated splitting the CIA in two and setting up a separate agency for covert actions.

Goldwater, however, said he thought that "minor changes are probably in order, but wholesale changes are neither warranted nor desired."

Casey said he was inclined to agree that any such effort would be counterproductive. He testified easily and confidently, but with a characteristic mumble that has led many to predict he will be "the first DCI who won't need a scrambler telephone."

Under questioning by Sen. Walter D. Huddleston (D-Ky.), Casey said he didn't like to use the well-worn phrase about "unleashing the CIA," but he said he is in favor of "unleashing the ability of the organization to initiate and carry out its objectives."

In the field of covert actions, or secret operations designed to influence the internal affairs of foreign nations, Casey said he still "generally" subscribes to the view expressed by the so-called Murphy Commission, on which he served, in 1976.

The commission, which was established to study the implementation of U.S. foreign policy, concluded that any prohibition on covert action would put the country and its allies "at a dangerous disadvantage in many parts of the world." But the commission added that covert action "should be employed only where such action is clearly essential to vital U.S. purposes and then only after careful high-level review."

Sen. Joseph R. Biden Jr. (D-Del.) wondered what reservations Casey has that prompted him to say he only "generally" supports that view now.

Casey replied that the phrase "co-

"There is a point at which rigid accountability...can impair performance."

vert action" has become a "word of art" including minor, relatively inconsequential undertakings that should not require high-level review. He declined to give any examples in open session, but alluded to what he called a "minor journalistic effort" that had been discussed previously with the senators at an executive session.

"There is a point at which rigid accountability, detailed accountability can impair performance," Casey declared.

Goldwater voiced a similar theme, both in a prepared statement about the "need to reestablish a robustness in the intelligence system" and in subsequent remarks deploring what he said was the reluctance of CIA operatives abroad to do anything "without discussing it with the home office."

"If we don't have overseas offices free to act covertly, we're going to be in the same fix we were in in Vietnam where pilots weren't able to attack targets of opportunity," Goldwater protested.

Casey picked up the same phrase, "targets of opportunity," later in the hearing in an effort to explain the impossibility of getting advance approval for every operation. But he said he agreed that "any major, substantial clandestine operation which entails embarrassment or danger" should be brought to the committee's attention.

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WASHINGTON STAR (GREEN LINE)
14 JANUARY 1981

CIA Director-Designate Casey Breezes Through Senate Hearing

By Jeremiah O'Leary
Washington Star Staff Writer

CIA Director-designate William J. Casey yesterday breezed through his confirmation hearing before the Senate Intelligence Committee with less than three hours of questioning. He is expected to be cleared easily by the panel tomorrow.

The senators made only scant mention of the abuses with which the CIA was linked in the past.

The 67-year-old New Yorker, who was in the OSS in World War II, said that past officials "maybe went a little further than necessary to correct the perception that the CIA had become a rogue elephant." He added, "I think we can take the focus off alleged misdeeds of the past and get a restoration of trust and confidence."

Casey stopped short of saying he would not use journalists in CIA operations. When the question was put to him by Sen. Walter Huddleston, D-Ky., Casey replied, "I feel no American should be deprived of serving his country, but I recognize the sensitivity of certain professions and I will adhere to the rules." This appeared to mean that Casey would clear such cases with the committee in advance.

Casey also said that covert CIA operations would be possible in other countries during the Reagan administration but said this would only happen when it was in the highest interests of the United States. He said that in certain in-

stances, CIA personnel overseas should be permitted to run secret, low-level operations without first obtaining permission from Washington. Casey was not specific, but agreed with the comment of Chairman Barry Goldwater, R-Ariz., that sometimes overseas intelligence officers should be free to act covertly and that tight restrictions would impair initiative.

The only light moment of the hearing came when Sen. Joseph Biden, D-Del., asked Casey what kind of report card he would give the Intelligence Committee for keeping CIA secrets. Casey said, "I thought I'd let the committee investigate me before I investigate the committee. But I think Congress has done well. I think there were some leaks from the Department of Defense during the campaign, but I have seen none from this committee."

Casey pledged in his testimony to provide policymakers in Congress and the executive branch timely and accurate information and said he considered effective intelligence to be far more important now than when the U.S. had clear military superiority over the Soviet Union.

Casey said: "The CIA suffers institutional self-doubt, and the morale of the agency is low. Too many have worked to reduce the feeling of self-worth of intelligence officers. This is not the time for another bureaucratic shakeup of the CIA. It is a time to make American intelligence more effective and competent."

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ARTICLE APPEARED
ON PAGE / THE WALL STREET JOURNAL
14 January 1981

What's News—

Revitalization of the CIA should be in store, William Casey testified at hearings on confirmation as agency chief. He said accurate intelligence gathering "is desperately needed for our national security." Casey promised new assurances on protecting civil liberties, and he appeared likely to gain approval easily.

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ON PAGE A-16

NEW YORK TIMES

14 JANUARY 1981

Casey, at Senate Hearing, Opposes Shake-Up of C.I.A.

By JUDITH MILLER

Special to The New York Times

WASHINGTON, Jan. 13 — William J. Casey, designated to become Director of Central Intelligence, said today that he was opposed to a sweeping reorganization of the Central Intelligence Agency at this time, but he vowed to reinvigorate the agency and reverse what he termed its "institutional self-doubt."

"Too often the agency has been publicly discussed as an institution which must be tightly restrained, stringently monitored or totally reorganized," Mr. Casey testified in confirmation hearings before the Senate Select Committee on Intelligence. "This is not the time for another bureaucratic shake-up of the C.I.A."

Instead, the 67-year old lawyer, who was chairman of the Securities and Exchange Commission in the Nixon Administration and took over as chairman of Ronald Reagan's Presidential campaign last February when it had serious organizational problems, said he would take action to bolster morale within the intelligence agency, which he added "is said to be low."

He also said that he would take unspecified steps to make the agency more effective through attracting a wide array of talented analysts and "tapping the insights of the nation's scholars."

Mr. Casey, a World War II veteran of the Office of Strategic Services, predecessor to the C.I.A., told the committee that he would observe current guidelines that prohibit the use of academics, clerics and journalists as intelligence agents. He also said that he would observe provisions of an executive order that specifies proper intelligence activities and procedures.

But he added that he intended to review such guidelines and expressed skepticism about exempting any group from employment by the intelligence agency.

"No American should be deprived of the opportunity to serve his country," he

testified in a voice that was at times barely audible.

Mr. Casey also said he welcomed legislative proposals to protect the identities of United States intelligence officials and to provide relief from certain provisions of the Freedom of Information Act.

While ruling out an immediate restructuring of the agency, Mr. Casey left open the potential for a future reorganization by indicating that he would review such proposals. A variety of reorganization recommendations were endorsed in reports prepared by the Reagan transition

team on intelligence and by the Heritage Foundation, a conservative research group here.

Moreover, Mr. Casey endorsed a key recommendation in both reports: the establishment of a competitive system of analysis, intended to provoke wider debate on sensitive international issues. Specifically, he vowed to present the intelligence community's views to the President "without subjective bias and in a manner that reflects strongly held differences within the intelligence community."



William J. Casey, rear left, designated as Director of Central Intelligence, listens to Senator Alfonse M. D'Amato as Senators Daniel Patrick Moynihan and Barry Goldwater confer before hearing by Senate intelligence panel.

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PHILADELPHIA INQUIRER
14 JANUARY 1981

Some covert operations abroad will be allowed, says CIA nominee

By Mike Shanahan
Associated Press

WASHINGTON — William J. Casey, Ronald Reagan's nominee to head the CIA, testified yesterday that the use of covert operations against the governments of other nations would be allowed under Reagan, but only "when it is in the highest interests of the United States."

In careful, low-key, sometimes mumbled testimony, Casey said CIA operatives overseas should be free to mount some secret lower-level operations without first obtaining permission from Washington.

He testified at his confirmation hearing before the Senate Select Committee on Intelligence.

The committee chairman, Sen. Barry Goldwater (R-Ariz.), had said, "If we don't have overseas offices free to act covertly, we're going to be in the same fix we were in Vietnam where pilots weren't able to attack targets of opportunity."

Without being specific, Casey agreed, saying that tight restriction of CIA field agents "has the danger of impairing initiative."

Asked to identify an example of the kind of operation he had in mind, Casey spoke of "a minor journalistic enterprise."

"Covert action should be used only when it's of greatest importance," said Casey, 67, a new York lawyer



William J. Casey
"When in highest interests of U.S."

whose government career began as an operative with the Office of Strategic Services, the World War II intelligence agency and precursor of the CIA.

An operation interfering in the internal affairs of another nation "is the kind of thing you do only when it's in the highest interests of the United States," he said.

Casey's government experience also includes, in the Nixon administration, serving as chairman of the Securities and Exchange Commission, undersecretary of state for economic affairs and chairman of the Export-Import Bank. In 1976, he was named a member of the Foreign Intelligence Advisory Board.

Casey was also asked if he would revise CIA rules that generally forbid recruitment of journalists and clerics as CIA operatives or spies in foreign nations. "I start out with the feeling that no American should be deprived of serving his country in any way he can without exception," he said. "I recognize the sensitivity of certain professions."

He pledged to keep the committee fully informed of any changes in existing rules for clandestine operations and to give it advance notice of significant secret activities, including any "major substantial clandestine operations which entail embarrassment or danger."

Casey received almost universally sympathetic treatment from the committee, with only a few scattered references about intelligence abuses in the 1950s and 1960s that led to creation of the panel.

Goldwater said a vote would be taken sometime tomorrow on the nomination, and unanimous approval seemed likely.

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BALTIMORE SUN
14 JANUARY 1981

Casey, Reagan's choice for CIA head, pledges to obey law, end 'self-doubt'

By Thomas B. Edsall
Washington Bureau of The Sun

Washington—President-elect Reagan's nominee for director of central intelligence yesterday said he intended to abide by legal requirements to report covert actions to Congress—a commitment made easy by the wide loopholes in the law.

"I cannot conceive now any circumstances under which I would not be able to provide the committee with the information required" under the law, William J. Casey told the Senate Select Committee on Intelligence.

Mr. Casey, who was Mr. Reagan's campaign chairman, told the sympathetic panel that he intended to reverse the "institutional self-doubt" at the Central Intelligence Agency and to ensure that "the intelligence community has our full trust and confidence."

Asked at his confirmation hearing whether he supported the use of reporters, academics and clerics for intelligence gathering, Mr. Casey refused to commit himself on the controversial practice.

On the one hand, he said, "no American should be deprived of the opportunity to serve his country," while on the other, he said, he recognizes "the sensitivity of certain professions."

During the last campaign, many Republicans called for the "unleashing" of the CIA, and were harshly critical of restraints placed on the agency in the mid-1970s after disclosures of abuses and charges that secrecy permitted the CIA to act as a "rogue elephant" in international

affairs.

Mr. Casey, a 67-year-old New York lawyer who worked in the Office of Strategic Services in World War II, said he personally did not like the phrase "unleashing the CIA," but added that he would like to see the "unleashing of the ability of the organization to initiate and carry out its objectives."

While speaking only in broad, abstract terms, Mr. Casey indicated a concern about rules and regulations that create the potential "for built-in conflict between performance and accountability."

These restrictions prevent agents from going after "targets of opportunity," he said, noting that "there is a point at which rigid accountability, detailed accountability can impair performance."

He said he planned to examine existing executive orders governing CIA practices, but he did not commit himself at present to seeking major alternations of policies on CIA activities that were approved by President Carter. Instead, he would only say he wanted to find ways to "ease restrictions."

In recent years, Congress has backed off from efforts to place controls on the CIA. The general legislative trend at present is to give the intelligence agency wide latitude and to grant it certain exemptions from such measures as the Freedom of Information Act.

During the hearing, the members of the committee, which was created to keep an eye on CIA activities, were very gentle in their questioning. Senators Joseph Biden (D, Del.) and Walter D. Huddleston (D, Ky.) were the

only persons pressing specific issues.

With the passage of the Intelligence Authorization Act last year, Congress lifted the restriction that the CIA report covert activities to eight different committees and limited the requirement to the House and Senate intelligence panels.

In addition, the legislation, the meaning of which is still in dispute, appears to leave significant loopholes in the reporting requirements. In language written by the Senate in a preamble to the bill, the executive branch is warned against "unauthorized disclosure of classified information" and told to protect "intelligence sources and methods," two provisions widely viewed as giving the CIA leeway in the reporting requirement.

In his testimony, Mr. Casey promised to "provide the American people with additional assurance that U.S. intelligence will fully respect their civil liberties."

At another point, he said unauthorized "leaks are intolerable" and promised to "enforce security standards." Asked if he thought legal action should be taken against reporters who print classified information secretly given them by public officials when it is impossible to identify the public official, Mr. Casey said "I don't think I can come up with a position" without further examination of the issue.

Mr. Casey's prior government service includes the chairmanship of the Securities and Exchange Commission under President Nixon, two years as under secretary of state and a term on the Foreign Intelligence Advisory Board under President Ford.

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'My ma gave me the stash': Jenrette

WASHINGTON—Former Rep. John Jenrette said yesterday the \$25,000 in cash his estranged wife found stashed in one of his shoes was money given him by his mother before she died and by friends to help him in his Abscam defense.

The South Carolina Democrat, who was convicted Oct. 7 of taking a \$50,000 payoff from FBI agents posing as representatives of an Arab sheik, said the \$25,000 was his personal emergency fund.

A preliminary investigation of the money by FBI agents showed, meanwhile, it was probably not part of the \$50,000 payoff.

Agents were matching the serial numbers of the cash, most of it \$100 bills, against the serial numbers of the \$40,000 in Abscam money the FBI has said is unaccounted for.

The agents examined the money bill-by-bill at the bank where Mrs. Jenrette's attorney, former Sen. James Abourezk, D-S.D., placed it for safekeeping.

Kenneth Robinson, Jenrette's attorney, said yesterday, "I'm sure there are no numbers that will match up." But later, he said he wanted to "wait and see."

Robinson said Abourezk was "tight-lipped" when asked whether a thorough check had found whether any of the shoe money matched the Abscam bills. "If anything matches, we'll have to see how much and what the problem is," he said.

Prosecutors: 'no comment'

Abourezk and federal prosecutors could not be reached for comment last night on the final results of the investigation.

Jenrette, 44, who has denied taking any bribe money, talked to reporters at National Airport on his return from Miami to confer with Robinson.

(Continued on page 14A)

Haig laments tragedy caused by Watergate

WASHINGTON—Secretary of State-designate Alexander Haig said in confirmation hearings yesterday that Watergate was "one of the greatest tragedies ever to befall this country" and that "it would be just as great a tragedy to have it reborn here (in the hearings)."

Haig said, "It was a period worse in many aspects than the McCarthy era" and that Watergate resulted from "honest differences of opinion between honest men."

In an angry response to Sen. Paul Sarbanes, D-Md., who appeared to want to bait Haig with his questions, the former White House chief of staff said, "That's what government is about."

U.S. skeptical over latest Iranian delay

Iran's unpredictable parliament yesterday delayed discussion for one day on proposals to free the 52 American hostages, reinforcing doubts among U.S. negotiators in Algiers that "fundamental problems" would be resolved by President Carter's Friday deadline.

The U.S. team headed by Deputy Secretary of State Warren Christopher held two more meetings with their Algerian intermediaries but a top aide to Christopher said, "I was skeptical from the start and nothing has changed that."

In Washington, the State Department said Christopher had reported that "progress continues to be made" toward freeing the hostages from their 437 days of captivity but "cautioned against optimism because fundamental problems remain."

Nobody has a monopoly on virtue—

not even you, Senator. "Mistakes were made... (and) there were tremendous abuses on both sides," Haig said in his fourth day of testimony before the Senate Foreign Relations Committee. "I didn't make them (the mistakes). I wasn't there when they were made. I inherited them."

Committee Chairman Charles Percy, R-Ill., said there are enough votes for Haig to assure his confirmation. The committee agreed late yesterday to complete Haig's testimony today and vote on his nomination early tomorrow.

Haig said, "I never willingly, consciously or unconsciously or

(Continued on page 2A)

ment said Christopher had reported that "progress continues to be made" toward freeing the hostages from their 437 days of captivity but "cautioned against optimism because fundamental problems remain."

State Department spokesman John Trainor said Christopher "is able to bite by bit to give satisfactory answers" to Iranian questions, which officials said centered on legal and technical means of exchanging Iran's financial assets from the American hostages.

Ahmad Azizi, spokesman for Iran's

(Continued on page 14A)

Business / 8A
Classified / 8A
Comics / 7A
Crossword / 7A
Editorials / 12A
Food / 1B
Horoscope / 7A
International / 7A
Metropolitan / 4A

Music / 4B
National / 5A
Opinion / 13A
Racing / 15B
Sports / 14B
Stocks / 8A
TV Guide / 6B
World / 1B

Moderation of temperatures next few days. Partly cloudy today and tonight. High today near 30. Low tonight around 20. Tomorrow cloudy with chance of some light snow. High in the low 30s.



WASHINGTON—Sen. Daniel Patrick Moynihan, D-N.Y. (left) offers Housing and Urban Development Secretary-designate Samuel Pierce Jr. a glass of water yesterday as his confirmation hearing begins at the Capitol.

'Slash my budget' says HUD pick

Vows cuts won't hurt the poor

By Paula Gray
NEWS WORLD WASHINGTON BUREAU

WASHINGTON—Samuel Pierce, who if confirmed as secretary of housing and urban development would be the only black in the Reagan Cabinet yesterday called for massive cuts in his department—but not at the expense of the poor.

Reiterating a familiar Republican theme, Pierce outlined the current economic problems of high inflation and high interest rates, and said before other programs are undertaken, there must be economic recovery, "and that will necessitate cutting expenditures."

In confirmation hearings before the Senate Banking, Finance and Urban Affairs Committee, Pierce said "Every citizen must be willing to endure some

financial hardships for the good of the whole. But he acknowledged that the pressures on his particular department would put him in "the hot seat."

Affluent to bear brunt

But Pierce vowed that the "poor, elderly and needy" would not suffer. "We'll make it our business to take care of those in need," he added. "When we make cuts it won't be the poor who take the brunt, but those who are more affluent."

Pierce said his major priority when he takes office will be to "quickly but carefully review all the programs of HUD with an eye to cutting expenses and eliminating wastes." Some programs would be cut entirely—such as a \$125 million solar energy program—others would be trimmed and "alternative and creative" methods would be sought to meet the housing and urban needs of the nation.

"I believe we can offer higher quality service for less money," Pierce said.

(Continued on page 14A)

Koch gets earful of gripes on the headline

By Howard Reiser
NEWS WORLD STAFF

Mayor Koch fielded calls yesterday from New Yorkers suffering through the current cold wave in apartments without heat.

He went to the City's Heat Complaint Bureau, operated by the Department of Housing, Preservation and Development, to see for himself how the complaints are being handled. There have been 200,000 complaints since the cold spell started.

"I came up here to alert the public," he said. "I wanted people to know they can call here for help." Koch said.

The first few calls he answered proved that people think they can call the bureau's hot line for any kind of help. One of them, for instance, came from a man who wanted something done about the junkies congregating in the abandoned apartment building next to his.

Finally, Koch got a heat related complaint from a Queens woman who

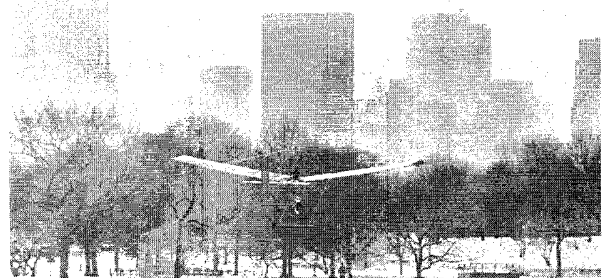
said her name was Angela Rodriguez. She was sick and tired, she said, of trying to get her landlord to do something about the oil leaking since Dec. 27 from a heater in her apartment, on Woodside Avenue in Woodside.

Koch called the landlord, who promised to send someone to her apartment in the afternoon. "You're terrifi-

ic," the mayor said.

Unfortunately, a slight mistake was later made, delaying final action until today. "They delivered the oil but we didn't need that," Mrs. Rodriguez said the News World first night. "We needed someone to ignite the boiler. They couldn't put the oil in the tanks."

(Continued on page 14A)



'Sailcraft' flies over Central Park

By Mike Jacula
NEWS WORLD STAFF

Flying high above dirty snow, surprised pedestrians and ice-covered trees, hang-gliding expert Keith Nichols established a New York City "first" by navigating his motorized sailcraft for 10 minutes over Central Park at heights of up to 500 feet.

The only snafu occurred when an unidentified person reported a plane crash in the park, sending a fire engine racing to the scene.

"I figured that might happen," Nichols grinned. "Everything went pretty smoothly after I got above the turbulence close to the ground. The wind swoops down from the buildings into the park like a bowl. That makes it pretty rough sometimes."

Nichols, 38, and a resident of San Diego, performed his stunt to promote Blue Stratos, a new men's cologne. Human Superfly George Willig was also on hand to help Nichols assemble and disassemble the craft. Willig has been taking gliding lessons from Nichols in Southern California, where he lives now, and is also involved with promoting Blue Stratos.

With tears freezing to his face, Nichols detached himself from the dacton wings after the flight, tugged at the icicles on his mustache and rubbed his frostbitten ears.

(Continued on page 14A)

U.S. could use Israeli bases: Abba Eban

By Evans Johnson
NEWS WORLD FOREIGN STAFF

JERUSALEM—If asked, an Israeli government controlled by the Labor party would be willing to allow the United States to use Israeli air bases to defend vital Western interests in the Middle East, Abba Eban

said yesterday. However, the former ambassador to the United States and the United Nations stressed that Israeli-American military cooperation would have to emerge as part of an overall strengthening of the Western presence in the Middle East.

"Most Israelis would like to see

the Western world endowed with more assertiveness... with a clearer definition of their interests and a willingness to defend those interests," said Eban, who is widely expected to be Israel's next foreign minister if the Labor Party wins the upcoming national elections.

In view of the Soviet naval pres-

ence in the Indian Ocean and the Soviet Union's use of bases in the region, the United States "does not have inferior rights," he added.

"In such a context, I think that Israel would probably have more to say or to offer than a policy of detachment and disengagement," Eban said.

(Continued on page 14A)

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Transition

CIA nominee urges stronger spy agencies

By Ted Agres
NEWS WORLD WASHINGTON BUREAU

WASHINGTON—CIA director-designate William Casey, a top-ranking World War II intelligence officer, yesterday told senators considering his nomination that all government intelligence agencies must be strengthened and improved for the good of the country.

Casey, who helped secure President-elect Ronald Reagan's landslide victory in his role as campaign manager, emphasized to the Senate panel that accurate intelligence gathering and analysis "is desperately needed for our national security."

"Our foreign policies and defense strategies can never be better for long than our intelligence capabilities," Casey said. "We are in a period where investments in intelligence capabilities will yield major returns."

Casey also pledged that, if confirmed by the full Senate as the new CIA chief and director of central intelligence, he would exercise "care and diligence in protecting the legal rights" of citizens. He said he would fully cooperate with Congress in their monitoring of intelligence community activities.

Approval expected tomorrow

The Senate Select Committee on Intelligence yesterday spent 2½ hours questioning the former head of European military intelligence during World War II. The bipartisan panel praised Casey and planned to approve his nomination in a vote tomorrow.

Casey told the senators that the CIA "suffers from institutional self-doubt" and that "there is poor public perception and understanding of the value of the American intelligence community to the security of the free world."

"Too many have worked to reduce the feeling of self-worth of intelligence officers," he continued. "Too few have worked to motivate the best minds in this country..."

Casey recommended that the young people of America should be called upon to enter the intelligence profession. "We need to make it clear... that the intelligence profession is one of the most honorable professions to which Americans can aspire," Casey said.

This assessment was reinforced by Sen. Barry Goldwater, R-Ariz., intelligence committee chairman. "We need to reestablish a robustness in the intelligence system," he said.

Goldwater added he would make priorities of legislation that would exempt the CIA and the FBI from certain provisions of the Freedom of Information Act. He also would seek to make it a crime to reveal the identity of CIA agents at home or abroad.

'Improve Intelligence'

Casey concurred with these suggestions, adding: "This is not the time for another bureaucratic shake-up of the CIA. Instead it is a time to make American intelligence work better and become more effective."

Sen. Henry Jackson, D-Wash., said "the tragedy of this country is that intelligence has become a dirty word. We need to have our own young people



WASHINGTON: CIA Director designate William J. Casey said at his confirmation hearing before the Senate Intelligence Committee yesterday that he intends to reinnovate, not shake up, the CIA so that it can better play its "desperately needed" role in providing the intelligence required to confront major crises in a dangerous world.

understand that (there is) no greater calling..."

Casey, a New Yorker, was introduced to the Senate panel by New York's Senators Daniel Moynihan (a panel member) and Alfonse D'Amato, who called Casey "a New Yorker's New Yorker."

Casey did not outline how the CIA would proceed to recruit new talent. He and Goldwater agreed that the agency needed to be improved in a

number of areas, including personnel, technology, technological advances, and most of all, morale and self-esteem.

Casey who is expected to win unanimous approval by the panel to become CIA chief, will also be in overall charge of the Defense Intelligence Agency, the National Security Agency, FBI counter-intelligence, the State Department's Bureau of Intelligence, and intelligence-related branches of other agencies.

Max Friedersdorf, chosen by Reagan to be his congressional liaison, told that efforts so far have been successful and that the president-elect and Congress have established a "beautiful relationship."

Friedersdorf, who was in the congressional liaison office during the Nixon and Ford administrations, has been around long enough to know that the euphoria cannot last forever.

"We're going to have good days and bad days up there," Friedersdorf said, but added, "Reagan will have a very extended period of a honeymoon."

United Press International

HAIG

FROM PAGE 1A

He said he regrets that "I have not been able to assure you (the committee) that I will act responsibly" as secretary of state.

Tsongas said he expected Haig to be "the strongest person in the Reagan administration," and for that reason he is concerned that Haig "would not abuse those powers."

Haig also said:

●The secret bombings of Cambodia and the way it was done "was very much in line with past practices of American history. No one is perfect. No administration is impeccable in this area..."

●On the wiretappings of National Security Council staff members and reporters: "I think in today's environment... it no longer would make good sense unless you had some very, very good evidence that a staff member has put the nation's security at risk," and then only through due courts.

But those tapes, even though subpoenaed by the committee, can only be released by the archives with Nixon's consent—so far not forthcoming. The committee now is awaiting an index of the tapes involving Haig.

Sen. Paul Tsongas, D-Mass., said he had hoped to leave the hearings with some kind of assurance from Haig that things like covert actions, wiretaps, and Chile-type operations are a thing of the past. He was, Tsongas indicated, asking Haig to say in some way that he is sorry about what happened.

Sen. Paul Tsongas, D-Mass., said he had hoped to leave the hearings with some kind of assurance from Haig that things like covert actions, wiretaps, and Chile-type operations are a thing of the past. He was, Tsongas indicated, asking Haig to say in some way that he is sorry about what happened.

NEW JERSEY LOTTERY

Pick It: 948
Straight: \$335.50
Box: \$55.50
Pairs: 33.50
Pick Four: 9336
Straight: \$4,576.50
00

Bush predicts he'll pull in harness, too

WASHINGTON—George Bush predicted yesterday he will be an active and influential vice president who enjoys Ronald Reagan's confidence, but that he will not try to become a powerful public figure in the new administration.

In an interview one week before being sworn in as vice president, Bush said Reagan has talked to him about assignments in the areas of foreign policy, intelligence and congressional liaison in addition to his constitutional job of presiding over the Senate.

Bush also said he wants to help Reagan with the major economic plan which he predicts will be the new administration's No. 1 objective for its first 100 days.

"I want to get to work," Bush said, expressing the wish that the inaugural ceremonies and the 30-odd parties, balls, ceremonies and other events he must attend in the next week were over.

"I want to be a useful, informed, active, substantive vice president," he said.

But the former U.N. ambassador and liaison to China described his new role as that of a low-key presidential helper who will stay out of the limelight.

"I want to be helpful to the president," he said. "And that's the best and really only thing to do."

In an office around the corner from Blair House where Reagan stays when he's in town, Bush said he has

developed a comfortable relationship with his new boss since they teamed up almost six months ago.

"There is no real problem... we've been on the same wave length," he said. "That's a tribute to Governor Reagan, in the way he reached out to me."

Have there been differences?

"Sure, just as there will be in the future. The reason I think I have the confidence of the president is that he's not reading about them (the differences) in the press. I think it's the kind of thing where a good confidential relationship is one in which you speak up and make differences, but the two people there don't think one or the other is going to run out and make it public."

"He's very easy to do that with," Bush said. "He's invited that. He's said 'I want differences of opinion.' There is public misconception of Ronald Reagan. He's got strong convictions. But he is not afraid of ideas, nor does he want to be surrounded by yes people."

"I just say, 'listen, here's my view on this,'" Bush said. Like outgoing Vice President Walter Mondale, Bush has been assured he will have some status not given other vice presidents—a seat on the National Security Council, an office in the White House and a vice presidential staffer sitting in on all White House senior staff meetings.

United Press International

U.S. urged to heighten ability to counter Sovs

WASHINGTON—Deputy Defense Secretary-designate Frank Carlucci said yesterday the United States must bolster its ability to fight a nuclear war and combat expected Soviet subversion in the strategic Persian Gulf region.

Carlucci, 50, now deputy director of the CIA, emphasized throughout his two-hour confirmation hearing in the Senate Armed Services Committee the United States must revitalize its military machine—from modernizing the "aging bomber fleet" to correcting the "critical shape" of Army reserves.

"Very high priority has to be given to readiness, including manpower," he said. "There's no question that there will be heavy expenditures involved. We are going to have to increase our defense spending."

"I will not indulge in mea culpa and I don't think it would be in the best interest of the country to do that," Haig retorted emotionally. "I just can't give you the kind of mea culpa I sense you want."

Carlucci said Soviet oil production will decline during the 1980s, creating "critical problems" for Moscow that will lead it to seek oil in the Persian Gulf.

"I fully expect them to step up their subversion in the Persian Gulf area," he said. "We need to improve significantly our need to combat this subversiveness. I think we need a first-strike capability... a nuclear war fighting capability. The prime concern is that the trend is running against us."

"We need to communicate to the Soviets that we are determined to protect our vital interests in that area."

Later he said, "I think the Soviets are developing a war-fighting capability."

Carlucci, who has been with the CIA since February 1978, said the United States has become "a laughingstock in the world" because of the inability of the CIA to keep a secret.

"The issue," he said, "is not whether the CIA is good enough but whether we can protect our sources."

United Press International

STARTS TOMORROW

America's economic woes demand immediate action from President-elect Ronald Reagan. What will he do in those first few critical months?

Gerald Zoffer, author of "Economic Sanity or Collapse," offers some bold suggestions to the incoming president. His two-part series starts tomorrow in The News World.

Ron won't ape Jimmy's Congress gaffe

By Steve Gerstel

WASHINGTON—President-elect Ronald Reagan appears determined not to emulate one of Jimmy Carter's biggest mistakes—adopting an aloof attitude toward Congress.

Reagan, in periodic visits to the nation's capital during the transition, has undertaken what could be an unprecedented courtship with members of the Senate and House.

The number of breakfasts, lunches, receptions and dinners which Reagan has hosted or where he has been guest of honor, multiplies with every visit.

In addition, Reagan has set aside large periods of time, on his trips to

the East, to have private meetings with senators and congressional leaders, ego-boasting get-togethers have been for Democrats as well as Republicans.

What Reagan is doing during the transition is in sharp contrast to the manner in which Carter approached Congress when he arrived in Washington.

Carter, during his entire term, made only the most perfunctory gestures in the manner in which Carter approached Congress when he arrived in Washington. Carter, during his entire term, made only the most perfunctory gestures in the manner in which Carter approached Congress when he arrived in Washington.

At the same time, he must realize that these same people are jealous guardians of their province and that, somewhere along the line, the two branches are going to encounter the normal amount of warfare.

It is not an exaggeration to say that Carter, who did not have a friend in



WASHINGTON: Boxes containing documents and papers of the Carter Administration are loaded into a truck at the White House yesterday for shipment to Plains, Ga. Carter will leave office Jan. 20 when Ronald Reagan is sworn in.

with what Carter sees as the problems facing the nation and the world in coming years.

With only one week left in his presidency, Carter continued a round of personal farewells, hosting a White House dinner for labor leaders last night.

Carter will send his final budget to Congress tomorrow, his State of the Union address Friday and his economic report Saturday. None will be delivered in person.

He and his wife will spend the last weekend of his presidency at Camp David, Md. They have spent 104 weekends at the presidential retreat in the Catoctin Mountains 65 miles north of Washington.

Elsewhere in the White House, most aides had nearly completed their

packing for vacating their offices by yesterday noon.

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Mr. Wm. J. Casey,
Office of the President-elect,
1726 M St. NW,
WASHINGTON, D.C. 20270

January 14, 1981

Dear Mr. Casey:

As the sole outside consultant to NEWS WORLD newspaper in New York City, I am doing my best to make certain that news and views from a conservative point of view are highlighted.

I thought you might like to see page 2A of the Jan. 14 issue.

Note at the bottom right-hand corner the mention of an article the paper will run.

Sincerely,



Gerald Royce Zoffer

GRZ/hn

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FOR PUBLIC AFFAIRS STAFF

PROGRAM NBC Nightly News STATION WRC TV
NBC Network

DATE January 13, 1981 7:00 PM CITY Washington DC

SUBJECT Report on William Casey

ROGER MUDD: At other Cabinet hearings, less confusing, William Casey today promised, as CIA Director, to protect the legal rights of Americans with care and diligence. And Samuel Pierce said that although he wants to cut the Housing Department's budget 10 percent, he won't turn his back on the truly needy.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM News STATION WMAL Radio
AIR Network

DATE January 13, 1981 12:00 Noon CITY Washington, DC

SUBJECT Director-Designate William Casey

DON FISHER: William Casey, President-elect Reagan's nominee to be CIA director says he will work to reverse years of self-doubt within the agency and also work to restore the CIA's public image.

At his confirmation hearings on Capitol Hill, Casey told the Senate Intelligence Committee:

DIRECTOR-DESIGNATE CASEY: Too often the agency has been publicly discussed as an institution which must be tightly restrained, stringently monitored or totally reorganized. Little has been done in recent years to stress publicly the critical roles which the intelligence community has to play in the formulation and execution of our nation's foreign policies and defense strategies.

FISHER: Casey says morale is low because too many people have worked to reduce the feeling of self-worth of intelligence officers. As a result, he says, many top officers have resigned or plan to retire.

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FOR PUBLIC AFFAIR STAFF

PROGRAM CBS Evening News

STATION WDVM TV
CBS Network

DATE January 13, 1981 7:00 PM CITY Washington, DC

SUBJECT Director-Designate William Casey

WALTER CRONKITE: The Reagan nominee to head the Central Intelligence Agency, William Casey, told his confirmation hearing today he would seek to ease restraints on the agency. The CIA's role is desperately needed, Casey said, and covert operations abroad should be permitted, quote, when it is in the highest interests of the United States.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM ABC World News Tonight STATION WJLA TV
ABC Network

DATE January 13, 1981 7:00 PM CITY Washington, DC

SUBJECT Report on Director-Designate William Casey

FRANK REYNOLDS: There were three other confirmation hearings today for leading officials of the new Administration.

We have a report from Charles Gibson.

CHARLES GIBSON: Three nominees, all headed for easy confirmation: William Casey to be Director of Central Intelligence, Samuel Pierce to be Housing Secretary, Frank Carlucci to be Deputy Defense Secretary.

Casey said it's his intent to reinvigorate the CIA. "Our defense is only as good as our intelligence," he said. To do that, the senators said, the CIA must stem the tide of recent leaks. Casey agreed.

WILLIAM CASEY: You cannot maintain an effective and successful intelligence service if the people who are providing information feel that they're not secure.

GIBSON: Samuel Pierce, nominated for Housing and Urban Development, said inflation was public enemy number one, and so his agency should expect sizable cuts in its budget and in housing programs.

SAMUEL PIERCE: I intend to quickly, but carefully, review the programs at HUD, with a view toward cutting unnecessary costs.

GIBSON: Pierce was asked if a 10 percent cut seemed realistic. He said it was.

Frank Carlucci, number two at Defense, however, said

a three percent increase in defense spending is just the starting point to combat Russian subversion, specifically in the Persian Gulf.

FRANK CARLUCCI: And it's my judgment that we need to improve significantly our capability to deal with this subversive effort.

GIBSON: Carlucci speaking of vastly increased defense spending, Pierce talking of cuts in housing, Casey talking of expanded CIA activities. Four years ago, liberals would have been pounding the table at such prospects. Today, no one raised an objection.